

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MEETING MINUTES
January 6, 2010

Place: DDA Office, 150 S. Fifth Avenue, Suite 301, Ann Arbor, 48104
Time: DDA Chair John Splitt called the meeting to order at 12:05 PM

1. ROLL CALL

Present: Gary Boren, Russ Collins, Leah Gunn, John Hieftje, Joan Lowenstein, John Mouat, Keith Orr, Sandi Smith, John Splitt

Absent: Newcombe Clark, Jennifer Hall, Roger Hewitt,

Staff Susan Pollay, Executive Director

Present: Joe Morehouse, Deputy Director
Joan Lyke, Management Assistant
Amber Miller, Planning & Research Specialist

Audience: Peter Allen, Peter Allen & Associates
Dave Askins, A2 Chronicle
Ray Detter, Downtown Area Citizens Advisory Council
Alan Haber, Ann Arbor Committee for the Commons/A2C2
Adrian Iraola, Park Avenue Consultants, Inc.
Mark Lyons, Republic Parking System
Kyle Mazurek, Ann Arbor Area Chamber of Commerce
Brad Mikus, Citizen
Oscar Notz, Turner Construction
Dave Pezda, Luckenbach/Ziegelman Architects
Nancy Shore, getDowntown
Teresa Welsh, Near North

2. AUDIENCE PARTICIPATION

Mr. Allen said that the City would soon issue an RFP to hire a consultant to provide advice for the Library Lot project. He recommended that this consultant be made aware of what makes a great city, as whatever will be constructed will be a 100 year decision. For instance, it must have great architecture, and must address the AADL and former Y site as part of an area master plan. Many people should be consulted to give input into this vision.

Mr. Haber said he agreed with Mr. Allen that many people must be consulted. He added that he would like the library lot to become a community center. He stated he would like to see a public process to develop a public green space. He indicated that just about everyone if asked about the site would say, "Give us the green." He encouraged the DDA to support the Commons and added that the, "Green will bring Green." He mentioned that the November summary of his comments should read as follows: ...*"the group is calling for the whole lot to become a large community center."* ...

3. REPORTS FROM CITY BOARDS AND COMMISSIONS
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Downtown Area Citizens Advisory Council: Mr. Detter reported that the CAC supports efforts to develop a coherent and comprehensive parking and transportation demand management

program run by the DDA in cooperation with the City. CAC are supportive of a more extensive "Area Planning" if no desirable selection can be made from the 6 Library Lot proposals. CAC continues to be concerned with conditions at Courthouse Square and asks the city to appoint a taskforce to find a way to provide better management and supportive services for residents.

4. STATUS OF TASKFORCE EFFORTS WITH DDA MEMBERSHIP

A2D2 Steering Committee: No report.

Mutually Beneficial Committee: Ms. Smith said that questions have been provided to staff and DDA/City committee members will meet when this information is compiled. She also stated that City Council passed a resolution asking the DDA for a comprehensive public parking management plan by April 19, 2010. The Mutually Beneficial committee will meet as information becomes available.

Library Lot Advisory Committee: Mr. Splitt said that the City's Library Lot RFP requirement set forward that: "The proposal must provide a positive financial return to the City" and the committee determined that two of the proposals did not meet this minimum threshold to be considered. Interviews have been scheduled with project teams at the Library on Jan. 20th.

5. MINUTES

Mr. Orr moved and Ms. Gunn seconded approval of the December 2, 2009 DDA meeting minutes.

A vote on the motion to approve the minutes showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

6. PARTNERSHIPS COMMITTEE

Energy Saving Grant Program: Ms. Smith said that 43 grants were approved in FY 2008/9, and 36 energy audits were completed and 8 have already completed Phase II. Thus far DDA costs for FY 2008/09 \$103,000 for energy audits and \$32,800 for Phase II improvements. Ms. Smith said that 50 applications were approved in FY 2009/10 and nearly all have selected their energy auditor and are underway with their audits.

Near North: Ms. Smith moved and Ms. Gunn seconded the following resolution:

RESOLUTION PROVIDING AVALON NONPROFIT HOUSING CORPORATION'S NEAR NORTH PROJECT WITH A GRANT FOR THE CONSTRUCTION OF NEW AFFORDABLE HOUSING

Whereas, The Ann Arbor DDA 2003 Renewal Plan makes a strong commitment to participating in projects which stimulate new, converted, or renovated housing, with the goal of a diverse and vibrant downtown residential base;

Whereas, Avalon Nonprofit Housing Corporation is developing Near North with its for-profit partner Three Oaks as a mixed-used 100% affordable housing development providing 25

apartments affordable to households with incomes \leq 50% of AMI and 14 supportive housing apartments with project-based Section 8 rent subsidies. Phase I will develop the residential units and 1,800 sq. ft. of offices, and Phase II, contingent on greenway and related funding, will involve the acquisition and demolition of Summit Market and 3 houses in the floodway on E. Summit, and relocation of the retail into new space built at Near North.

Whereas, These 39 new housing units are within the $\frac{1}{4}$ mile radius of the DDA District approved by the DDA as the area within which they might provide DDA Housing Fund support, and it has been determined that many tenants that will reside in these apartments will work, shop, or use the downtown for recreational and other purposes;

Whereas, The cost of this project including property acquisition is \$11 Million and the DDA has been asked by Avalon for a \$500,000 grant, with other funds to come from tax credits, MSHDA, and other sources;

Whereas, The DDA Partnerships Committee reviewed this request and has set forward the following recommendations regarding a grant from the DDA's Housing Fund:

- The DDA would provide \$400,000 from its Housing Fund for this project
- The DDA would provide an additional \$50,000 if the project receives a Silver LEED certification or an additional \$100,000 if the project receives a Gold LEED certification
- The DDA would provide its grant at the time the project receives its Certificate of Occupancy from the City, after all lien wavers have been satisfied, and after a minimal LEED certification is met and affordability established as promised
- As with all DDA grants, this grant would expire at the end of the second fiscal year after approval by the DDA
- The grant would be given provided that the Office of Community Development has agreed to manage ongoing income verification for all residential units

RESOLVED, The DDA will provide Avalon Housing, Inc. with a \$400,000 grant as recommended by its Partnerships Committee as stated above, which may also include \$50,000 or \$100,000 incentive funds upon Silver or Gold LEED certification, with DDA grant payment upon receipt of a certificate of occupancy, waiver of all liens, and an agreement in place with the Office of Community Development to manage ongoing income verification for all residential units.

Ms. Smith asked Ms. Walsh and Mr. Appel to provide a project overview, which they did, outlining that the DDA funds would be used exclusively to support construction of the housing portion of the project. Mr. Appel said that if approved, the DDA funds would be the first grant dollars committed, but the last grant dollars received because they require a certificate of occupancy. Mr. Hieftje said that DDA support would help the project get tax credits and other funds. The connection between this project and downtown was noted, as many of the future residents will work downtown, and all of these residents would use the downtown. Mr. Mouat expressed concern that the DDA would be fully obligating its Housing Fund with this grant, and that it would cost much less to spend funds on existing units rather than on new construction. Ms. Smith said that this project enabled the DDA to encourage new development. Ms. Walsh said that the DDA funds are local dollars which are needed for state funds. Mr. Hieftje agreed, encouraging that the grant be approved so DDA dollars could leverage state funds.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

DDA annual retreat: Mr. Collins said that Board members should provide information to staff on their availability so this session could be scheduled.

Municipal Center tour: Approximately a half dozen DDA representatives took a hard-hat tour of the new building.

Library Lot RFP: Committee discussed the proposals received by the City. There was strong committee consensus that an expert real estate consultant be hired by the City to advise it through the process of selection and negotiating. Critical issues to be assessed include determining if the projects are financially feasible, assessing if the developers have the capacity to complete their projects as proposed, and selecting the project which will provide the most benefit to the downtown as well as highest financial return to the city. Mr. Splitt and Council member Teall brought this question to the RFP Advisory Committee and there was strong support to pursue hiring a consultant.

7. TRANSPORTATION COMMITTEE

Pedestrian counts/satisfaction: Mr. Mouat said the Committee continued work on its list of possible projects and surveyed itself to determine areas of greatest interest. They are: minimizing sidewalk obstructions, trees/urban greenery, and minimizing trip hazards. The committee will develop specific tactics to meet these strategies at the next meeting.

Transportation/Parking Demand Management: The Transportation and Operations Committee met together to formulate goals: encourage even greater use of sustainable transportation choices and even greater efficiencies in our parking system by spreading demand. It was agreed that the Transportation Committee will work to support the creation and use of more sustainable transportation options, the Operations Committee will develop strategies to use parking prices to provide more parking choices, and both committees will share the task of developing ways for patrons to get more information about their parking use.

8. OPERATIONS COMMITTEE

Parking Study. Ms. Gunn said that City Council asked the DDA to provide it with a comprehensive public parking plan by late April, and work has begun on this project.

350 S. Fifth Avenue lot. Ms. Gunn moved and Ms. Smith seconded the following resolution:

RESOLUTION TO APPROVE NET REVENUE USES AT 350 S. FIFTH AVENUE (OLD Y PARKING LOT)

Whereas, On November 13, 2007 City Council voted to request that the DDA demolish the former YMCA building at 350 S. Fifth Avenue, and upon demolition, authorized the DDA to establish a temporary public parking lot;

Whereas, On February 6, 2008 The DDA voted to approve the demolition of the former YMCA building as requested by City Council, and by late summer 2008 a new parking lot had been established for use by the public;

Whereas, The City and DDA have not spelled out a financial arrangement for this parking lot, nor is this lot included as part of the 2005 City/DDA Parking Agreement;

Whereas, On December 21, 2009 City Council voted to approve "Resolution Regarding New Parking Meters", which set forward that the net revenues less parking lot installation costs (excludes demolition costs) for the 350 S. Fifth Avenue (old YMCA) parking lot, and less parking lot operational costs for this lot be directed to the City's General Fund;

Whereas, The DDA Operations Committee reviewed the December 21, 2009 City Council action and researched to determine that the cost to install the parking lot was approximately \$400,000 which included the cost to install the permeable pavement and other elements that enable 100% of storm water to be captured on site;

Whereas, It will be many years before the lot installation is paid for from parking lot revenues, so the DDA Operations Committee recommends that the DDA provide the City with either a minimum \$100,000/year from parking lot revenues generated at this site, or the net revenues from this site after installation costs and operations costs, whichever is greater, on a quarterly basis beginning with FY 2009/10 fourth quarter;

RESOLVED, The DDA approves a financial arrangement for the 350 S. Fifth Avenue (old YMCA) parking lot with either a minimum \$100,000/year from parking lot revenues generated at this site or the net revenues from this site after installation costs and operations costs, whichever is greater, on a quarterly basis beginning with FY 2009/10 fourth quarter, with funds to be directed to the City's General Fund.

Ms. Smith said that she appreciated the financial arrangement in this resolution, as it honored the goals set forward by City Council in its resolution. Mr. Splitt said that the DDA would eventually get repaid for its installation costs, though it would take a little longer.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

Parking Pay Stations. Ms. Gunn moved and Ms. Smith seconded the following resolution:

RESOLUTION TO PURCHASE AND INSTALL 150 ADDITIONAL PARKING PAY STATIONS

Whereas, In their 2007 study Nelson/Nygaard recommended that the on-street parking meters be replaced with new multi-space pay stations to improve patron convenience as this equipment allows payment with credit cards, cash and cell phones, and they will support demand management efforts by providing flexible time and location parking rate pricing strategies;

Whereas, The DDA Operations Committee shaped a multi-year plan that would eventually replace core area on-street and parking lot parking meters with 175 interconnected multi-space parking machines;

Whereas, In spring 2008 the DDA distributed an RFP for this equipment, and Digital Payment Technologies was selected as the equipment that would best meet the needs of the Ann Arbor community;

Whereas, The DDA voted to purchase 25 machines in November 2008, and this equipment was installed in summer 2009;

Whereas, In December 2009 the DDA Operations Committee reviewed the operations of the initial installation, including patron survey feedback, and set forward the following recommended installation plan for the remaining 150 parking pay stations and space number markers:

<u>Fiscal year</u>	<u>Percent</u>	<u>Pay Stations</u>	<u>Cost</u>
FY 2010	25%	37	\$ 562,400
FY 2011	50%	75	\$1,140,000
FY 2012	<u>25%</u>	<u>38</u>	<u>\$ 577,600</u>
Total Cost	100%	150	\$2,280,000

RESOLVED, The DDA approves the multi-year purchase and installation of 150 parking pay stations and space number markers with a project budget of \$2,280,000, with these funds to be taken from the DDA 065 Parking Maintenance Fund.

Ms. Smith said that she knows that the pay stations are finding good use, but she heard a complaint from a disabled citizen, and she asked what accommodations exist to assist disabled individuals; Mr. Morehouse said that payment can be made by cell phone, which may make payment easier for some individuals. Mr. Mouat asked if the area around these pay stations could be cleared of snow; Mr. Splitt said that Republic Parking is doing this. Ms. Gunn said that the pay stations are well received; Mr. Splitt said that there are tradeoffs with this equipment, but generally they are very well received.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

Pre Pay Parking Rate: Ms. Gunn said that the DDA would be instituting a new \$5 pre-pay entry rate at various parking structures and lots. The primary purpose behind this is to give Republic Parking a tool to use when it anticipates a large concert or other big event is likely to create a problem when hundreds of patrons want to exit at the same time. Even with every cashier booth staffed, after a big event it can take many minutes to move all vehicles through the line, which can be frustrating for parking patrons impatiently sitting in a long line to pay. This pre-pay process is already in place during Art Fair and will be expanded for use more broadly during the year. A secondary benefit to this new pre-paid rate would be to provide a solution at parking

facilities with automated equipment where patrons are recurrently breaking exit gates rather than paying to park.

9. CAPITAL IMPROVEMENTS COMMITTEE

S. Fifth Avenue Project: Mr. Splitt said that steel fabrication for the earth retention system will resume next week. Drilling equipment has been brought to the site. Overhead utility lines are scheduled to be relocated by the end of the month.

Water Mains: Ms. Gunn moved and Mr. Collins seconded the following resolution:

RESOLUTION TO AUTHORIZE AN ADDITIONAL \$600,000 FOR NEW WATER MAINS UNDER DIVISION STREET, S. FIFTH AVENUE, AND LIBRARY LANE

Whereas, In August 2009 the DDA approved \$226,000 for three new water mains under Division Street, S. Fifth Avenue, and behind the Library from William Street as part of its S. Fifth Avenue Underground Parking Structure project, but upon bidding, actual costs for the Division Street and S. Fifth Avenue water mains exceeded initial estimates, and a new plan was developed to place the third water main under Library Lane rather than off William Street;

Whereas, The funds approved by the DDA in August 2009 were used to install the water main under Division Street, and additional funds are now needed to complete repairs to Division Street and install the two other water mains under S. Fifth Avenue and Library Lane;

Whereas, These water mains will greatly enhance water flows in the center city area, both improving existing conditions for current residents and commercial enterprises, and providing needed capacity for future downtown development;

Whereas, Plans for this work have been submitted for approval to City staff and a permit will be submitted to the Michigan Department of Water Quality for the water main along Library Lane, with the expectation that work will be constructed in coming months, under the inspection of the City of Ann Arbor's Project Management Unit;

Whereas, It is anticipated that the total cost for the remaining water main work will not exceed \$600,000;

Whereas, These water mains are included in the DDA project budget for the S. Fifth Avenue underground parking structure project, but are not included in the GMP provided by Christman;

Whereas, The DDA Capital Improvements Committee reviewed the costs and installation plans for these water mains and recommends approval;

RESOLVED, The DDA authorizes its Capital Improvements Committee to spend up to \$600,000 to complete road repairs on S. Division, install a new water main under S. Fifth Avenue, and a new water main under Library Lane.

RESOLVED, The DDA Chair, Capital Improvements Committee Chair and Executive Director are authorized to sign the necessary construction contracts, and to take the necessary administrative actions to implement this resolution.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Mouat, Orr, Smith, Splitt

NAYS: None

Absent: Clark, Hall, Hewitt

The motion carried.

10. EXECUTIVE COMMITTEE

Updating DDA Bylaws. Mr. Splitt said that as has been reported over the past couple months that the Executive Committee has been reviewing DDA's bylaws. Changes were approved in 2007 but not acted on by City Council and these and other ideas were considered. No action is needed at this time, but the Committee wanted to bring the revised document to the board for discussion, with the plan that the bylaws will come to the DDA for action in February. There was a general discussion of the proposed changes.

Grant to the City For a Library Lot Consultant: Mr. Splitt said that the South 5th Ave project includes a large investment in infrastructure to support/encourage redevelopment on this site, including structural support, new water mains, electric infrastructure, and mid-block street. Ms. Smith moved and Ms. Lowenstein seconded the following resolution:

RESOLUTION PROVIDING A GRANT TO THE CITY OF ANN ARBOR TO HIRE A CONSULTANT TO PROVIDE REAL ESTATE ADVICE TO ASSIST WITH THE SELECTION OF A DEVELOPER FOR THE S. FIFTH AVENUE (LIBRARY LOT) PROPERTY

Whereas, A large portion of the DDA's S. Fifth Avenue Underground Parking Structure project are elements that will encourage redevelopment on this site, including structural support, new water mains, electric infrastructure, and midblock street;

Whereas, The City of Ann Arbor distributed an RFP in August 2009 seeking proposals from developers interested in constructing projects on top of the underground parking structure and six proposals were subsequently received;

Whereas, The DDA Partnerships Committee recommended that the Advisory Committee helping City Council with its selection of a preferred developer be asked if there would be benefit to the City hiring a consultant to provide expert real estate advise to assist in the proposal selection process, and DDA heard back that there was support to pursue this assistance;

Whereas, The DDA Executive Committee has reviewed this concept and recommends that the DDA provide the City with a \$50,000 grant for this consultant, because encouraging quality downtown private redevelopment is the mission of the DDA;

RESOLVED, The DDA approves a grant to the City of Ann Arbor for \$50,000 to enable the City to hire a consultant with real estate development expertise to advise it throughout the project selection process for the S. Fifth Avenue (Library Lot) property.

Mr. Splitt said that both the DDA Partnerships Committee and the City RFP Advisory Committee members agreed that it would be advantageous for the City, the downtown, and the community if an expert real estate consultant could be found to assist through the selection and negotiating process for the Library Lot. Ms. Lowenstein said that other similar efforts have gone awry and hopefully this consultant will help the city know which project(s) are financially feasible and will most benefit the community. Mr. Collins said the DDA is not making the selection about what is being built on top of the library lot, and this grant would enable the City to hire a consultant to help it review the proposals it has received. Mr. Mouat said he was not enamored with the process the City follows to sell/redevelop city property, and that the roles of the DDA and City need to be clarified. Mr. Hieftje said that the City process for its 415 W. Washington property was a success, as the City determined that it didn't want to pursue any of the projects proposed for the site; if it is determined that none of the proposals for the Library Lot are acceptable the City should wait for a more viable and attractive project at some point in the future.

A vote on the motion to approve the resolution showed:

AYES: Boren, Collins, Gunn, Hieftje, Lowenstein, Orr, Smith, Splitt

NAYS: Mouat

Absent: Clark, Hall, Hewitt

The motion carried.

11. OTHER DDA BUSINESS MATTERS

Offpeak/Overnight Monthly Parking Permit: Mr. Hieftje asked about the possibility of improving the publicity for the DDA's \$30 overnight permit. Ms. Shore explained the getDowntown was promoting the permit and explained that without evening enforcement patrons were not inclined to move from free parking meters to a structure, even if the cost of the permit was so low. It was noted that publicizing the \$30 limited overnight permit will continue and will be included in a larger strategy regarding evening parking needs as part of the Public Parking Plan being developed for City Council.

Mr. Splitt congratulated Mr. Morehouse on his excellent article, "Demand Management Contributes to Vibrancy in Downtown Ann Arbor," published in the December issue of *The Parking Professional*.

12. OTHER AUDIENCE PARTICIPATION

Mr. Mikus mentioned the on-line DDA board packet was different than the one distributed at the meeting. He also noted the draft of the by-laws did not address the question about the Mayor sending representatives to participate at DDA meetings when he was absent. Mr. Splitt said this latter issue is being reviewed by the Executive committee. Ms. Pollay said that the packet distributed at the board meeting was identical to the online board packet with the exception of the parking revenue report which was inadvertently omitted, and the Old Y lot resolution as the Operations Committee had met just the day before.

13. ADJOURNMENT

Mr. Hewitt moved and Ms. Gunn seconded adjournment of the meeting at 1:40 PM.

Respectfully submitted,
Susan Pollay, Executive Director

